

**ORION COMMUNITY CABLE
COMMUNICATIONS COMMISSION
OAKLAND COUNTY, MICHIGAN
FINANCIAL REPORT
DECEMBER 31, 2007**

Auditing Procedures Report

Instructions and MuniCodes

*=Required Fields

Reset Form

Issued under Public Act 2 of 1968, as amended. (V1.07)

Unit Name* Orion Community Cable Communications	County* OAKLAND	Type* OTHER	MuniCode* 63-7-582
Opinion Date-Use Calendar* Dec 10, 2008	Audit Submitted-Use Calendar* Dec 15, 2008	Fiscal Year End Month* 12	Fiscal Year* 2007

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No."

<input checked="" type="checkbox"/> ?	1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
<input checked="" type="checkbox"/> ?	2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
<input type="checkbox"/> ?	3. Were the local unit's actual expenditures within the amounts authorized in the budget?
<input checked="" type="checkbox"/> ?	4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
<input checked="" type="checkbox"/> ?	5. Did the local unit adopt a budget for all required funds?
<input checked="" type="checkbox"/> ?	6. Was a public hearing on the budget held in accordance with State statute?
<input checked="" type="checkbox"/> ?	7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
<input checked="" type="checkbox"/> ?	8. Has the local unit distributed tax revenues that were collected for another taxing unit, timely as required by the general property tax act?
<input checked="" type="checkbox"/> ?	9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
<input checked="" type="checkbox"/> ?	10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin)?
<input checked="" type="checkbox"/> ?	11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
<input checked="" type="checkbox"/> ?	12. Is the local unit free of repeated reported deficiencies from previous years?
<input checked="" type="checkbox"/> ?	13. Is the audit opinion unqualified?
	14. If not, what type of opinion is it? NA
<input checked="" type="checkbox"/> ?	15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
<input checked="" type="checkbox"/> ?	16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
<input checked="" type="checkbox"/> ?	17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
<input checked="" type="checkbox"/> ?	18. Are there reported deficiencies?
<input checked="" type="checkbox"/> ?	19. If so, was it attached to the audit report?

General Fund Revenue:	<input type="checkbox"/> ? \$ 458,521.00
General Fund Expenditure:	<input type="checkbox"/> ? \$ 338,602.00
Major Fund Deficit Amount:	\$ 0.00

General Fund Balance:	<input type="checkbox"/> ? \$ 1,220,870.00
Governmental Activities Long-Term Debt (see instructions):	<input type="checkbox"/> ? \$ 0.00

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (reported deviations).

CPA (First Name)* MICHAEL	Last Name* DEVRIES	Ten Digit License Number* 1101008133		
CPA Street Address* 837 S. LAPEER ROAD	City* OXFORD	State* MI	Zip Code* 48371	Telephone* +1 (248) 628-9200
CPA Firm Name* MICHAEL H DEVRIES, CPA	Unit's Street Address* 37 EAST FLINT STREET	Unit's City* LAKE ORION	Unit's Zip* 48362	

ORION COMMUNITY CABLE COMMUNICATIONS COMMISSION

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MICHAEL H. DeVRIES

CERTIFIED PUBLIC ACCOUNTANT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Orion
Community Cable Communications Commission
Oakland County, Michigan

We have audited the accompanying financial statements of net assets and activities of the Orion Community Cable Communications Commission (the "Commission"), Oakland County, Michigan, as of and for the year ended December 31, 2007, which collectively comprise the Commission's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Commission's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the activities of the Commission, Oakland County, Michigan, as of December 31, 2007, and the respective changes in financial position, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, the Board has implemented a new reporting model, as required by the provisions of the Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*.

The Management's Discussion and Analysis and budgetary comparison information listed in the Table of Contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Sincerely,

Michael H. DeVries
Certified Public Accountant

Oxford, Michigan
December 10, 2008

MEMBER

AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

ORION COMMUNITY CABLE COMMUNICATIONS COMMISSION

Management's Discussion and Analysis

The Commission's Management Discussion and Analysis has been prepared to provide an overview of the Commission's financial activities for fiscal year ending December 31, 2007. This discussion and analysis needs to be read and reviewed concurrently with the Commission's financial statements.

This Management Discussion and Analysis includes comparative data from fiscal year 2006, in order to remain compliant with the Government Accounting Standards Board Statement No. 34.

The Orion Community Cable Communications Commission as a Whole

The following tables show the condensed Statements of Net Assets and Activities for the years ended December 31, 2007 and 2006.

Table 1
Statement of Net Assets

	2007	2006
Assets		
Current assets	\$ 1,224,200	\$ 1,102,621
Capital assets - net	\$ 669	\$ 1,322
Total Assets	\$ 1,224,869	\$ 1,103,943
Liabilities		
Current liabilities	\$ 3,330	\$ 1,670
Net Assets		
Invested in capital assets	\$ 669	\$ 1,322
Unrestricted	\$ 1,220,870	\$ 1,100,951
Total Liabilities and Net Assets	\$ 1,224,869	\$ 1,103,943

Table 2
Changes in Net Assets

	2007	2006
Revenue		
Franchise fees	\$ 408,625	\$ 376,801
Grants	\$ -	\$ 25,000
Interest income	\$ 49,896	\$ 37,540
Total Revenue	\$ 458,521	\$ 439,341
Expenses	\$ 338,602	\$ 330,419
Change in Net Assets	\$ 119,919	\$ 108,922

The Commission's revenue, on a normal year, consists mostly of franchise fees and interest income,

Budgetary Highlights

Revenues exceeded amended budget by \$93,521. The actual expenditures were under the amended budget expenditures by approximately 77%, or \$1,110,526, because a capital improvement of \$1,064,628 for a new studio did not occur.

Contacting the Commission's Financial Management

The financial report is designed to provide our members and citizens with a general overview of the Commission's finances and show the Commission's accountability for the money it receives. If you have any questions about this report, or require additional information, you can contact the Commission's office.

ORION COMMUNITY CABLE COMMUNICATIONS COMMISSION
GOVERNMENT-WIDE STATEMENT OF NET ASSETS
DECEMBER 31, 2007

ASSETS

Current Assets:

Cash in Bank	\$ 272,637
Certificates of Deposit	840,756
Franchise Fees Receivable	108,717
Accrued Interest Receivable	<u>2,090</u>
Total Current Assets	<u><u>1,224,200</u></u>

Capital Assets:

Equipment	319,640
Office Equipment	11,262
Less Accumulated Depreciation	<u>(330,233)</u>
Total Capital Assets, Net of Depreciation	<u><u>669</u></u>

Total Assets	<u><u>\$ 1,224,869</u></u>
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LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts Payable	<u>\$ 3,330</u>
Total Current Liabilities	<u><u>3,330</u></u>

Net Assets:

Invested in Capital Assets - Net	669
Unrestricted	<u>1,220,870</u>
Total Net Assets	<u><u>1,221,539</u></u>

Total Liabilities and Net Assets	<u><u>\$ 1,224,869</u></u>
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The accompanying notes are an integral part of the financial statements.

ORION COMMUNITY CABLE COMMUNICATIONS COMMISSION
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2007

		Program Revenues		
	Expenses	Franchise Fees	Grants and Other	Net (Expense) Revenue & Changes in Net Assets
Activities				
Operating and Maintaining Cable Communications System	\$ 339,255	\$ 408,625	\$ -	\$ 69,370
Total Activities	<u>\$ 339,255</u>	<u>\$ 408,625</u>	<u>\$ -</u>	<u>69,370</u>
General Revenues:				
Interest Income				<u>49,896</u>
Total General Revenues				<u>49,896</u>
Changes in Net Assets				119,266
Net Assets - January 1, 2007				<u>1,102,273</u>
Net Assets - December 31, 2007				<u>\$ 1,221,539</u>

The accompanying notes are an integral part of the financial statements.

ORION COMMUNITY CABLE COMMUNICATIONS COMMISSION
BALANCE SHEET - GOVERNMENTAL FUND
DECEMBER 31, 2007

ASSETS

Cash in Bank	\$ 272,637
Certificates of Deposit	840,756
Franchise Fees Receivable	108,717
Accrued Interest Receivable	<u>2,090</u>
Total Assets	<u><u>\$ 1,224,200</u></u>

LIABILITIES AND FUND BALANCE

Liabilities:

Accounts Payable	\$ 3,330
Total Liabilities	<u>3,330</u>

Fund Balance:

Undesignated	<u>1,220,870</u>
Total Liabilities and Fund Balance	<u><u>1,224,200</u></u>

The accompanying notes are an integral part of the financial statements.

**ORION COMMUNITY CABLE COMMUNICATIONS COMMISSION
RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUND
TO THE STATEMENT OF NET ASSETS
DECEMBER 31, 2007**

TOTAL FUND BALANCE - GOVERNMENTAL FUND	\$ 1,220,870
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Amounts reported for governmental activities
in the Statement of Net Assets are different because -

Capital assets used in governmental activities are not
financial resources and therefore are not reported in
the governmental funds balance sheet:

Capital assets at cost	330,902	
Accumulated depreciation	<u>(330,233)</u>	
		<u>669</u>

TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES	<u><u>\$ 1,221,539</u></u>
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The accompanying notes are an integral part of the financial statements.

ORION COMMUNITY CABLE COMMUNICATIONS COMMISSION
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>GENERAL FUND</u>
REVENUES	
Franchise Fees	\$ 408,625
Investment Income	<u>49,896</u>
Total Revenues	<u>458,521</u>
 EXPENDITURES	
Education and Training	1,855
Meals and Travel Expense	4,472
Membership Fees	950
Cable Connections	315
Administrative Fees	3,943
ONTV Public Access Management Fee	304,000
General Insurance	297
Professional Fees	8,145
Publicity	456
Contracted Liaison Person	13,704
Supplies	105
Asset Replacement	<u>360</u>
Total Expenditures	<u>338,602</u>
 Excess (Deficiency) of Revenues	
Over Expenditures	119,919
 Fund Balance - Beginning	<u>1,100,951</u>
 Fund Balance - Ending	<u><u>\$ 1,220,870</u></u>

The accompanying notes are an integral part of the financial statements.

**ORION COMMUNITY CABLE COMMUNICATIONS COMMISSION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2007**

Net change in fund balances - governmental funds	\$ 119,919
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Amounts reported for governmental activities
in the Statement of Net Assets differ due to -

Governmental funds report capital outlays as expenditures.
However, in the Statement of Activities these items are
capitalized and the costs of those assets are allocated
over their estimated useful lives as depreciation.

Capitalized assets	\$ -	
Depreciation	<u>(653)</u>	
		<u>(653)</u>

Change in net assets - governmental activities	<u>\$ 119,266</u>
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ORION COMMUNITY CABLE COMMUNICATIONS COMMISSION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2007

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Orion Community Cable Communications Commission (the "Commission") conform to generally accepted accounting principles (GAAP) as applicable to governmental units. In accordance with accounting principles generally accepted in the United States of America, there are no component units to be included in these financial statements. The following is a summary of the significant accounting policies:

The Commission adopted the Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements and Management Discussion and Analysis. The Commission has elected to report all of its funds as major funds in the financial statements.

A. Reporting Entity

The Commission adopted its bylaws in November of 1990 and was established by the Charter Township of Orion and the Village of Lake Orion (hereafter, Municipalities) for the purpose of administering the cable communications franchise for these two governmental units. The Commission consists of nine members, four members appointed by the Orion Township Board, four members appointed by the Lake Orion Village Council, and one member appointed by joint resolution. The Commission is charged primarily with monitoring the franchise agreement and the performance of franchisees under the existing ordinance, encouraging the use of access channels within the two communities and supervising the interconnection of systems. Revenue is derived principally from specific percentages of cable operators' television revenue, and interest income.

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The Commission's basic financial statements include both the Commission's full accrual financial statements and modified accrual financial statements.

Full Accrual Financial Statements

The full financial statements (i.e., the Statement of Net Assets and the Statement of Activities) are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The Statement of Net Assets includes and recognizes all long-term assets and receivables. The Commission's net assets are reported in two parts – invested in capital assets and unrestricted net assets.

Modified Accrual Financial Statements

The modified accrual financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as

soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Commission considers revenue to be available if it is collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Normally, expenditures are not divided between years by the recording of prepaid expenses.

Capital Assets

Capital assets are defined by the Commission as assets with an initial cost of more than \$250 and an estimated useful life in excess of a year. Such assets are recorded at historical cost or estimated historical cost. Donated assets are reported at estimated fair market value at the date of donation. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis (no depreciation in year of purchase) over the following estimated useful lives:

Building and improvements	30 years
Equipment	5-10 years
Office Equipment	5-10 years

Franchise Fees Receivable

Franchise fees receivable represent amounts owed to the Commission by Comcast and AT&T for \$108,717. No allowance for uncollectible accounts is deemed necessary as management believes all accounts are collectible. All receivables are considered fully collectible.

C. Budget and Budgetary Accounting

The following procedures are instituted by the Commission in establishing the budgetary data reflected in the financial statements:

1. Prior to the next fiscal year, the treasurer submits a proposed budget to the Commission.
2. The Commission makes any recommendations or changes.
3. A public hearing is held.
4. After the public hearing, the budget must be approved by a joint resolution of the Orion Township Board and the Lake Orion Village Council. The budget will not be effective until approved by both governmental units.
5. No Commissioner or employee of the Commission may expend any funds of the Commission except as appropriated by the Commission in keeping with the budgetary policy as adopted by the Commission. Changes in the amount appropriated by the Commission require approval by the Commission. During the year, the budget was amended in a legally permissible manner.
6. The budget for the General Fund is adopted on a basis consistent with GAAP.

The budget statement (Statement of Revenue, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund) is presented in accordance with GAAP in the United

States of America, which is the same basis of accounting used in preparing the adopted budget. The budget has been adopted on a line-item basis; expenditures at this level in excess of amounts budgeted are a violation of Michigan law. A comparison of actual results of operations to the budget as adopted is included in the required supplemental information.

There were no significant expenditure budget variances.

D. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimated.

(2) CASH AND CASH EQUIVALENTS

Michigan Compiled Laws, Section 129.91 (Public Act 20 of 1943, as amended), authorizes the local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The Commission is allowed to invest in bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or federal agency obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The Commission has designated five banks for the deposit of the Commission's funds. The Commission has adopted an investment policy in accordance with Public Act (P.A.) 196 of 1997. The Commission has funds invested in bank checking and certificates of deposit.

The Commission's deposits and investments are in accordance with statutory authority.

Michigan law (Section 3, Act 40, P.A. 1932, as amended) prohibits security in the form of collateral, surety bond, or any other form for the deposit of public money.

We estimate that the Federal Deposit Insurance Corporation (FDIC) insures approximately 45% of the Commission's deposits. We are unable to be specific due to the complexity of FDIC Regulation Number 330.8. This regulation, in summary, provides that deposits of a governmental unit are insured for the lesser of the amount of the combined deposit or \$100,000 in every financial institution that is not a branch location that is a member of the FDIC in the following deposit accounts:

1. All demand, non-interest bearing accounts (checking) in the name of the authorized or statutory custodian (treasurer) of public funds.
2. All savings deposits, which include regular passbook, daily interest savings and time certificates of deposit in the name of the governmental unit's custodian.

3. The demand and savings accounts, as defined in items 1 and 2 above, for those bank accounts, in the name of a specific fund, when all of the following criteria are applicable:

- (a) The fund is created by a specific state statute.
- (b) The functions of the fund are specified by state statute.
- (c) Money is allocated by state statute for the exclusive use of that fund and statutory function.

General Fund:	Per Institution	Per Books	Insured FDIC	Not Insured
LaSalle Bank	\$ 153,822	\$ 153,822	\$ 100,000	\$ 53,822
Oxford Bank	297,977	297,977	100,000	197,977
Charter One Bank	179,889	179,889	100,000	79,889
Community Plus	206,825	206,825	100,000	106,825
National City Bank	274,880	274,880	100,000	174,880
	<u>\$ 1,113,393</u>	<u>\$ 1,113,393</u>	<u>\$ 500,000</u>	<u>\$ 613,393</u>

In accordance with GASB Statement 3, investments are classified into three categories of credit risk as follows:

- Category 1: Insured or collateralized with securities held by the entity or its agents in the entity's name.
- Category 2: Collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name.
- Category 3: Un-collateralized (includes any bank balance that is collateralized with securities held by the pledging financial institution or by its trust department or agent, but not in the name of the entity).

Investment Type:

	Category		
	(1)	(2)	(3)
Risk - Categorized			
Cash Equivalents	\$ 100,000	\$ 172,637	\$ -
Certificates of Deposit	400,000	440,756	-
Total Risk - Categorized			
Investments	<u>\$ 500,000</u>	<u>\$ 613,393</u>	<u>\$ -</u>

Additional disclosures required by GASB 40 are not included in the accompanying financial statements.

The captions on the Balance Sheet relating to cash, certificates of deposit, and investments are as follows:

Cash in Bank	\$ 272,637
Certificates of Deposit	<u>840,756</u>
	<u>\$ 1,113,393</u>

The above amounts are classified by GASB statement No. 3 in the following categories:

Summary of
Specific Accounts:

Checking Account	\$ 272,637
Certificates of Deposit	<u>840,756</u>
	<u>\$ 1,113,393</u>

These funds are in five financial institutions located in Oakland County. All accounts are in the name of the Commission. They are recorded in the Commission's records at cost. Interest is recorded when earned.

(3) RELATED PARTY TRANSACTIONS

GASB Codification Sec. 2300.107 requires that governmental entities disclose related party transactions. The Financial Accounting Standards Board (FASB) Statement No. 57 defines a related party as:

...principal owners of the enterprise; its management; members of the immediate family of principal owners of the enterprise and its management; and other parties with which the enterprises may deal if one party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties may be prevented from fully pursuing its own separate interests. Another party is also related if it can significantly influence the management or operating policies of the transacting parties or if it has an ownership interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests.

The Commission has not engaged in related party transactions.

(4) RISK MANAGEMENT

The Commission carries commercial insurance primarily for protection from personal property loss, theft, and personal injury. For the three previous years, commercial insurance claims have not exceeded the amount of coverage as provided for by the policy.

(5) CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2007 was as follows:

	Balance at 1/1/2007	Additions	Deletions	Balance at 12/31/2007
Equipment	\$ 319,640	\$ -	\$ -	\$ 319,640
Office Equipment	11,262	-	-	11,262
Total Capital Assets Being Depreciated	330,902	-	-	330,902
Less Accumulated Depreciation For:				
Equipment	319,266	250	-	319,516
Office Equipment	10,314	403	-	10,717
Total Accumulated Depreciation	329,580	653	-	330,233
Capital Asset Being Depreciated - Net	\$ 1,323	\$ (653)	\$ -	\$ 670

Depreciation was charged to operations in the amount of \$653.

(6) ONTV MANAGEMENT AGREEMENT

The Commission signed a three-year agreement with Orion Neighborhood Television Corporation (ONTV) (a Michigan nonprofit corporation), in effect March 8, 2001 thru March 7, 2004. On February 12, 2004 this agreement was extended until February 28, 2007. The Commission signed a new three-year agreement with ONTV on February 8, 2007. The terms of the agreement commence on March 1, 2007 and end on February 28, 2010.

The 2007 amount paid to ONTV was \$304,000. Payments were remitted quarterly based upon ONTV's budget. Per the agreement, ONTV assumes the normal daily operation of the public access channels.

(7) EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS

Michigan P.A. 2 of 1968, as amended, the "Uniform Accounting and Budgeting Act," provides that a local unit shall not incur expenditures in excess of the amount appropriated (Section 18(1)). In the body of the financial statements, the Commission's actual expenditures and budgeted expenditures for the budgetary fund has been shown on a line item basis. The approved budget of the Commission for this budgetary fund was adopted on the line item level.

For the year ended December 31, 2007, the Commission did incur expenditures in this budgetary fund that were in excess of the amounts appropriated. The following line item exceeded the Commission's amended budget as compared to actual expenditures:

	<u>Total Expenditures</u>	<u>Amount Budgeted</u>	<u>Amount Over Budget</u>
Programming and Recognition	<u>\$ 456</u>	<u>\$ 200</u>	<u>\$ (256)</u>

The Commission signed a new three-year management agreement with ONTV on February 8, 2007. The terms of the agreement commence on March 1, 2007 and end on February 28, 2010.

(8) CONCENTRATION OF CREDIT RISK

The Commission's major source of revenues is from cable franchise fees. If the government changes how fees are to be charged, this could affect the revenue.

There is \$613,393 of cash and certificates of deposit that are not insured by the FDIC.

REQUIRED SUPPLEMENTARY INFORMATION

ORION COMMUNITY CABLE COMMUNICATIONS COMMISSION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
YEAR ENDED DECEMBER 31, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget (Under)
REVENUES				
Franchise Fees	\$ 340,000	\$ 340,000	\$ 408,625	\$ 68,625
Investment Income	25,000	25,000	49,896	24,896
Total Revenues	365,000	365,000	458,521	93,521
EXPENDITURES				
Education and Training	4,000	4,000	1,855	2,145
Meals and Travel Expense	8,000	8,000	4,472	3,528
Membership Fees	1,100	1,100	950	150
Administrative Fees	4,000	4,000	3,943	57
ONTV Public Access Management Fee	304,000	304,000	304,000	-
General Insurance	3,000	3,000	297	2,703
Cable Connections	-	1,000	315	685
Professional Fees	6,000	10,000	8,145	1,855
Contracted Liaison Person	14,000	14,000	13,704	296
Programming and Recognition	200	200	456	(256)
Asset Replacement	30,000	30,000	360	29,640
Supplies	200	200	105	95
Grants	10,000	5,000	-	5,000
Capital Improvements	1,064,628	1,064,628	-	1,064,628
Total Expenditures	1,449,128	1,449,128	338,602	1,110,526
Excess (Deficiency) of Revenues Over Expenditures	(1,084,128)	(1,084,128)	119,919	1,204,047
Fund Balance - Beginning	1,100,951	1,100,951	1,100,951	-
Fund Balance - Ending	\$ 16,823	\$ 16,823	\$ 1,220,870	\$ 1,204,047

The accompanying notes are an integral part of the financial statements.



MICHAEL H. DeVRIES

CERTIFIED PUBLIC ACCOUNTANT

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Oxford, Michigan 48371

Telephone 248.628.9200

Fax 248.628.6107

December 10, 2008

Management and the Board of Directors
Orion Community Cable Communications Commission
37 East Flint Street
Lake Orion, Michigan 48362

Dear Management and the Board of Directors:

We have completed our audit of the financial statements of the Orion Community Cable Communications Commission (the "Commission") as of and for the year ended December 31, 2007 and have issued our report dated December 10, 2008. We are required to communicate certain matters to you in accordance with auditing standards generally accepted in the United States of America that are related to internal control and the audit. The appendices to this letter set forth those communications as follows:

- A. Report on Internal Control
- B. Results of the Audit
- C. Findings and Comments

We discussed these matters with various personnel in the Commission and have already met with management during the audit. We would also be pleased to meet with you to discuss these matters at your convenience.

These communications are intended solely for the information and use of the Commission's management and are not intended to be and should not be used by anyone other than the specified parties.

Sincerely yours,

Michael H. DeVries
Certified Public Accountant

MHD/mmh
Enclosures

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Report on Internal Control

To the Board of Directors of
Orion Community Cable Communications Commission

Dear Board Members:

Beginning with 2006 year's audit, national auditing standards call for auditors to communicate matters to the governing body that may be useful in its oversight of the Orion Community Cable Communications Commission's (the "Commission") financial management. Specifically, they require us to report internal control issues to the governing body that may be relatively minor, in order to allow it to evaluate their significance, and make any changes it may deem appropriate. In general, these are items that would have been discussed orally with management in the past. The purpose of these new standards is to allow the governing body an opportunity to discuss issues when they are relatively minor, rather than waiting until they become more serious problems. We hope this report on internal control will be helpful to you, and we look forward to being able to discuss any questions you may have concerning these issues.

In planning and performing our audit of the financial statements of the Commission as of and for the year ended December 31, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered the Commission's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies and/or material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect

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To the Board of Directors
Orion Community Cable Communications Commission

misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiencies to be significant deficiencies in internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. We believe that the significant deficiencies noted below are technically material weaknesses.

1. Accounting Expertise

Effective for the year ended December 31, 2006, Statement on Auditing Standards #112 titled, *Communicating Internal Control Related Matters Identified in an Audit* (issued May 2006), requires us to communicate in writing when a client requires assistance to prepare the financial statements and the footnotes required in the annual audit. Based upon discussions with management and audit work performed in the current year, the Commission has the capability to perform monthly internal accounting functions and provide timely reports as requested by the Board. The Commission does not have the personnel with qualifications and training necessary to generate consolidated financial statements, including the required eliminating entries and footnotes, in accordance with accounting principles generally accepted in the United States of America. We would expect this comment to continue from year to year. We do not recommend any changes to this situation at this time and communicate this as required by professional standards.

2. Documentation of Internal Controls

As part of our audit planning procedure, we are required to obtain an understanding of internal control of the Commission. Part of the internal control process is the communication of information, including the communication of how internal controls are designed and operating. During our audit planning procedures we noted that documentation of internal control policies and procedures was incomplete. We recommend that the Commission completely document and disseminate all internal control policies and procedures in one document. This ensures that all employees understand what their responsibilities in internal control are. In addition, it ensures continuity of internal control procedures in the unfortunate event of employee turnover or

To the Board of Directors
Orion Community Cable Communications Commission

unexpected absence. Documentation should not only indicate the flow of documents but also what internal control procedures are performed by each employee and what documentation is required to indicate a procedure was completed. The monitoring process should also be documented in this procedures manual, including who is responsible for monitoring, the minimum monitoring which must be done, and what documentation is required to indicate monitoring was performed.

This communication is intended solely for the information and use of management, the Board, and others within the Commission and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely yours,

A handwritten signature in cursive script that reads "Michael H. DeVries".

Michael H. DeVries
Certified Public Accountant

MHD/mmh



MICHAEL H. DeVRIES

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December 10, 2008

To the Board of Directors of
Orion Community Cable Communications Commission
37 East Flint Street
Lake Orion, Michigan 48362

We have audited the financial statements of the Orion Community Cable Communications Commission (the "Commission") for the year ended December 31, 2007 and have issued our report thereon dated December 10, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated January 16, 2008, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. We are responsible for planning and performing the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement. As part of our audit, we considered the internal control of the Commission. Our consideration of internal control was solely for the purpose of determining our audit procedures and not to provide any assurance concerning such control.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters and our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our engagement letter dated January 16, 2008.

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To the Board of Directors of
Orion Community Cable Communications Commission
Page Two

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Commission are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2007.

We noted no transactions entered into by the Commission during the year for which there is a lack of authoritative guidance or consensus.

There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive estimate affecting the financial statements was the useful lives of capital assets.

Useful lives of capital assets are based upon management's estimate of their life. We evaluated the key factors and assumptions used to develop the estimate of the useful lives in determining that they are reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

To the Board of Directors of
Orion Community Cable Communications Commission
Page Three

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The adjustments identified during the audit have been communicated to management and management has posted all adjustments.

Disagreements With Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 10, 2008.

Management Consultations With Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition of our retention.

To the Board of Directors of
Orion Community Cable Communications Commission
Page Four

This information is intended solely for the use of the Commission's Board of Directors and the management of the Commission and is not intended to be and should not be used by anyone other than these specific parties.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Michael H. DeVries". The signature is written in a cursive, flowing style.

Michael H. DeVries
Certified Public Accountant

MHD/mmh



MICHAEL H. DeVRIES

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December 10, 2008

To the Board of Directors
Orion Community Cable Communications Commission
Oakland County, Michigan

We have examined the accounts and records of the Orion Community Cable Communications Commission (the "Commission") for the year ended December 31, 2007, and have reported our findings to you under separate cover. The accounts and records were found to be in good order, except for the following items:

1. The Federal Deposit Insurance Corporation (FDIC) is reporting increases in both the number of insolvent and troubled banks on their watch list -- large and small banks alike. Given the current banking industry environment, we recommend obtaining full FDIC insurance coverage or, at a minimum, conducting periodic monitoring of the institutions' financial standings using a bank rating service.
2. Pursuant to P.A. 2 of 1968, as amended, also known as the "*Uniform Budgeting and Accounting Act*," expenditures shall not be incurred in excess of the amount appropriated. Therefore, when the Commission exceeds their budgeted line item amounts, the respective budgeted line item amounts should be revised accordingly and the changes should be recorded in the minutes.

We acknowledge with appreciation the cooperation we received from your Board members and staff and note that nothing came to our attention in the course of our tests and reviews, in connection with any report on the financial statements, to indicate any improper, illegal, or other action, except as stated.

Sincerely,

Michael H. DeVries
Certified Public Accountant

MHD/mmh

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